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**MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING**

**(Department of Iron and Steel)**

*New Delhi, the 29th February 1964*

**RESOLUTION**

**SUBJECT:—*Raj Committee's Report on Steel Control.***

**No. SC(A)-24(113)/63.**—The Government of India have had for some time under consideration the review of the entire system of planning and distribution of iron and steel. A Committee of economists was appointed in September 1962 to examine the present system of planning and distribution of iron and steel.

2. The Committee submitted its final Report in October 1963. The main recommendations of the Committee are as follows:—

- (a) A Joint Plant Committee with one representative from each Plant and with Iron and Steel Controller as Chairman should be set up to take over the functions at present performed by the Iron and Steel Controller in regard to the planning and distribution of indents and rolling programmes;
- (b) A Standing Steel Priority Committee should be set up in the Department of Iron and Steel for assignment of priorities and the conditions of eligibility for priority must be made extremely strict. The Standing Priority Committee shall communicate six monthly priority allocations to the Joint Plant Committee;
- (c) There should be no price control beyond the first stage in the delivery line. A free market in steel in respect of sales subsequent to first sale by main producers should be legally recognised. Fixing of sale prices of all the main producers should be left to the Joint Plant Committee subject to approval of Government;
- (d) Existing system of freight equalisation by the main producers should be continued by the Joint Plant Committee;
- (e) There should be no distinction between controlled and registered stockists or between recognised or un-recognised traders. Any one should be free to place indents on the producers. Sale and resale transactions after first delivery should not be controlled except in case of priority deliveries, for which there should be no re-sale;

- (f) Priority demands for pig iron should be processed in the same way as for steel by the Steel Priority Committee. Production of pig iron in the main plants in excess of the quantities required by priorities should be freely saleable. In the case of producers of pig iron other than main plants, sale prices may be left to be determined by the market;
- (g) The Joint Plant Committee should be given a directive that the quantities planned in respect of any State against non-priority indents should not in any given period be less than certain specific minimum quantities. Despatches of pig iron and billets to different States should be subject to the same rule;
- (h) Price and distribution control on the products of the re-rolling mills should be withdrawn; but these mills should receive a certain quantity out of the billet production of the main producers at freight equalised prices;
- (i) The Steel Priority Committee should determine the priority requirements to be met out of imports and fix bulk allocations of foreign exchange for each group to cover these requirements. For the balance of foreign exchange available, import licences should be issued to Government stockyards or other selected stockists for sale in the free market. The system of barter imports of steel should be stopped and privileges given to established importers should also be withdrawn.

3. After careful consideration of the Committee's report in consultation with different interests concerned, Government of India have taken the following decisions:

- (a) A Joint Plant Committee for the planning and programming of steel indents will be constituted with the Iron & Steel Controller as Chairman. In addition to the main steel Plants, the Railway Ministry will be given representation on this Committee.
- (b) Government accept the recommendation of the Committee to set up a standing Steel Priority Committee in the Department of Iron and Steel to assign priorities.
- (c) With all Steel Plants producing to full capacity, the supply position of non-flat products such as bars, rods, structurals railway material etc., is relatively good. There will also be an increase in the production of these categories in the near future. Government have therefore accepted the recommendations of the Raj Committee and decided to withdraw all control over price and distribution on non-flat products. On the other hand a detailed study of present and prospective production shows that flat products will continue to be scarce for the next few years. Government have, therefore, decided to continue in its present form control over planning, distribution and prices of flat products of steel. The prices for controlled categories will continue to be determined and notified by Government. In the case of all categories on which there is no statutory control, the Joint Plant Committee may determine, announce and list base prices and extras from time to time. These will be ex-works prices.
- (d) Government accept the recommendation of the Committee that the Joint Plant Committee should add a fixed element for equalised freight to ex-works prices announced from time to time and make appropriate adjustments with the Freight Equalisation Fund which will hereafter be administered by the Joint Plant Committee. This will ensure that the present system under which the buyers of steel all over India pay the same railway freight irrespective of distance from the source of supply is continued.
- (e) Government accept the recommendation of the Committee that every one should be free to trade in steel in respect of all decontrolled categories. In the case of categories, which will continue to be controlled, the existing Controlled and Registered Stockists will function as usual for sometime to come. After this transitional period, there will be no distinction between Controlled and Registered Stockists.

- (f) Government accept the recommendation of the Committee that control over pig iron should continue as at present and priorities therefor should be assigned by the Steel Priority Committee.
- (g) Government accept the recommendation of the Committee that the Joint Plant Committee should be given a directive to ensure equitable distribution of steel of decontrolled categories to all States.
- (h) Government accept the recommendation of the Committee that the re-rollers shall be free from all control on their products, with the exception of flat products. In order to enable Re-rollers of reasonable efficiency to continue with production and sell their products in competition, the prices and distribution of billets will continue to be controlled.
- (i) Government accept the recommendation of the Committee that the Steel Priority Committee should determine the allocation of foreign exchange for priority consumers. Taking into consideration the comments made by the Committee on the present system of imports, Government propose to examine the possibility of routing imports through the Mineral and Metal Trading Corporation or through the Joint Plant Committee.

4. Consequent on the removal of the statutory control over price of bulk of steel production and the decision to entrust freight equalisation to the Joint Plant Committee, there is no further need to continue the operation of the Equalisation Fund. Government have therefore decided that as from the 1st March, 1964 there shall be no new transactions involving payment either to or from the Equalisation Fund. Accruals to the fund and payments therefrom resulting from the previous transactions will however continue.

#### ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India Extraordinary.

N. SUBRAHMANYAM, Addl. Secy.

